Minutes of the Audit and Compliance Committee meeting held on Monday 17 July 2017 at 8.30am in the Principal’s Meeting Room.

The Committee met with the auditors before the meeting, without officers present.

Present:  
Ms Colette Wilson (Chair)  
Ms Tina Harris  
Mr Majid Hawa  
Mr Gerry O’Hagan

In attendance:  
Dr David Ashton (Chief Operating Officer and Secretary to Council)  
Mr Stephen Avery (Chief Financial Officer)  
Mrs Jenny Febry (Deputy Chief Financial Officer)  
Mrs Kay Trinder (Internal Audit Manager)  
Ms Morag Childs (Deloitte Partner)  
Mr Richard Neal (Deloitte Senior Manager)  
Mr James Aston (BDO Business Assurance Partner)  
Ms Christine Cartwright (Governance and Compliance Officer), Secretary & Minutes  
Ms Anna Sendall (Director of Governance and Legal Services)

Apologies:  
Mr Mark Newlands

1. **MEMBERSHIP**
   The Committee noted that this was the last meeting for Mark Newlands and for Gerry O’Hagan.  
The Committee welcomed the new representatives from Deloitte to their first meeting.

2. **MINUTES**
The minutes of the meeting on 6 February 2017 were approved.

3. **MATTERS ARISING FROM THE MINUTES**
   There were no matters arising.

4. **ACTIONS**
The outstanding actions were reviewed and it was noted that the majority would be addressed in the business of the meeting.

5. **INTERNAL AUDIT**

5.1 The Committee received the Internal Audit Manager’s report. It was noted that the work of Student First would address a number of the concerns raised in the Departmental Health Check audit and this would be fully implemented by September 2018.

   The Committee discussed the different cultures found in different departments across College and how this affected the implementation of audit recommendations. If College were to address the impact of culture on controls, the Committee would want to see an action plan for how this would be achieved.

   AGREED that the Internal Audit Manager would report in November about the plan to finalise the recommendations regarding Departmental Health Checks.
5.2 The Committee received the Internal Auditor’s update report. It was noted that two pieces of work had been deferred and the Committee discussed the phrasing of the reasons given for the deferral of the Major Investment Procurement process.

AGREED that Deloitte would amend the reason given in line with recommendations from the Committee.

The Committee noted that the work for the year had been completed and the final two reports would be finalised in time for discussion at the meeting in November.

The Committee discussed the Limited Assurance report for HR Operations and the ongoing work to allocate the management of student employment contracts to a third party in order to enable HR to focus on the main staff base.

5.3 The Committee received the Internal Auditor’s draft Annual Report. It was noted that the audit plan required completion and the wording of the Annual Opinion required some amendments.

AGREED that this would be brought to the first meeting of the next academic year.

5.4 The Committee received the Internal Auditor’s draft one year forward plan.

AGREED that College would produce an additional forward-look audit plan which focused on business issues and not student-facing issues and would be in alignment with the strategic risk register.

AGREED that Deloitte would rephrase the high-level description of upcoming audits to be more direct and this would be brought to the first meeting of the next academic year.

The Committee approved the audit plan for 2017/18.

5.5 The Committee received the Internal Auditor’s report on Procure to Pay and the response from the Finance Department. It was noted that improvements to the Procure to Pay system had already been planned.

The Committee discussed that compliance is difficult to achieve in an institution which has devolved purchasing powers to the departments but non-compliance could be identified through the use of analytics.

AGREED that the Committee would receive tables of analytics to highlight those departments which did not comply with agreed purchasing controls.

5.6

6. RISK MANAGEMENT
The discussion of the risk register was deferred to a separate meeting to take place later in the summer.

7. EXTERNAL AUDIT
The Committee received the External Audit planning report from BDO. It was noted that analytics would enable identify error with greater accuracy than before and auditing standards would be reviewed in light of the capability of analytics.

The Committee were advised that BDO will have comparator data available next year so that HEIs will be able to benchmark themselves against comparator institutions.

The Committee discussed the wording of the opening text of the Financial Statements and that this was an opportunity to articulate future plans.
8. **CYBER SECURITY**

The Committee received a presentation from the Head of Information Security on the work completed so far to ensure compliance with the audit recommendations. It was noted that vulnerability scanning had taken place and that penetration testing on six applications had been conducted which had highlighted some areas which needed additional security measures.

It was noted that the recommendation about malware protection had been elevated to a Priority 1 recommendation in light of changes in the cyber security landscape since the time of the audit and that the outstanding Priority 1 recommendation about third party processors would be worked on this summer.

The Committee was advised that focus would be placed on the risk posed by human error in the next academic year with the provision of training and imposition of new security controls such as multi-factor authentication.

9. **REGULATORY LANDSCAPE**

The Committee was advised that Deloitte would create this document over the summer.

10. **COMPLIANCE**

The Committee received the minutes of the Research Ethics Committee. It was noted that the Committee had experienced difficulty in maintaining a full membership in the past year.

11. **COMMITTEE EFFECTIVENESS**

The Committee discussed the need to co-ordinate the work of the Internal Auditors and the External Auditors with the items highlighted on the strategic risk register.

It was noted that the Committee functions most effectively when members fully understand the business being discussed, and that opinions and feedback from staff outside the Senior Management Team was valuable in gaining that understanding.

The Committee discussed whether it was possible to monitor the risk that the College was not sufficiently ambitious, and how that aligned with the strategic vision agreed by Council.

12. **DATE OF THE NEXT MEETING**

NOTED that the date of the next meeting is at 5pm on Monday 13 November 2017, in the Principal’s Meeting Room.